

I urge my colleagues on both sides of the aisle to join me in supporting legislation to end double taxation of income and offer real tax relief for middle-class Americans and small businesses.

NATIONAL DRUG CONTROL  
STRATEGY

**HON. ROB PORTMAN**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Saturday, November 8, 1997*

Mr. PORTMAN. Mr. Speaker, I rise today to express my serious concerns about the failure of the Department of Defense to provide sufficient support for the National Drug Control Strategy in its fiscal year 1999 request. I also would like to commend the Office of National Drug Control Policy for refusing to certify the DOD budget request.

After making tremendous progress in the war on drugs from 1979 through 1991, drug abuse among our young people has been rising significantly over the past 5 years. Drug abuse is not only threatening the health and lives of our young people, it is a predominant factor behind violent crime, welfare dependency, teenage pregnancy, rising health costs, lower economic productivity, the spread of AIDS, and many other problems. Now is not the time to be backing away from our responsibilities to attack this problem.

Many of us in Congress have been working hard over the past few years to reverse these disturbing trends. We have been working in cooperation with General McCaffrey to support and enhance the National Drug Control Strategy. We must continue to support the goals of the strategy on both the supply and demand sides.

We strongly support the effort to ensure that the Department of Defense amends its fiscal year 1999 budget request to include an additional \$141 million in drug control initiatives. These funds are absolutely essential to enhance efforts in the Andes, the Caribbean, Mexico, and along our borders, where this battle has to been fought initially. With a strong effort in source countries and along our borders, we can help reduce the use of drugs in the United States, which is crippling our young people.

Currently, counterdrug spending represents only 0.3 percent of the total Department of Defense budget. Despite rising drug use, the Department's counterdrug effort has declined by 2 percent since fiscal year 1996.

I also believe that it is vitally important to have a coordinated effort with leadership from the Office of National Drug Control Policy. This is a good example of why we need a drug czar. If we all stand behind the same goals and work hard in every agency and in Congress to support and enhance the anti-drug efforts at home and abroad, we will reverse the disturbing escalation in illegal drug use in our communities.

I call on the Department of Defense to bring its budget request in line with the National Drug Control Strategy and to help support the comprehensive Federal effort we must have if we are going to reduce drug abuse.

THE NATIONAL HEALTH SERVICE  
CORPS SCHOLARSHIP PROGRAM  
INCENTIVE ACT OF 1997

**HON. NANCY L. JOHNSON**

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Saturday, November 8, 1997*

Mrs. JOHNSON of Connecticut. Mr. Speaker, for many years our Government has supported health care training programs to increase the number of health care professionals to serve our Nation's people. One of the most successful health training programs we have created is the National Health Service Corps Scholarship Program. Enacted more than 20 years ago, the purpose of this program is not only to encourage the training of top quality health care professionals but also to improve access to health care for Americans living in medically underserved areas.

This program encourages the training of primary care providers, focuses on preventive care, and targets medical manpower shortage areas. The graduates of this program work in our migrant health centers and in both rural and inner city community health centers, such as the community health center in my hometown of New Britain.

Program recipients are given a scholarship award, covering the costs of tuition and fees, together with a monthly stipend covering living expenses. In response to this award, the National Health Service Corps scholars are obligated upon completion of their training to provide a year of full-time primary health care in a designated shortage area for each year of scholarship funding. These areas are located in some of our Nation's neediest communities which are desperate for primary care providers.

Unfortunately, Mr. Speaker, this successful program is now in jeopardy—not from lack of funds, but from the new IRS interpretation of section 117(c) of the Internal Revenue Code to treat these scholarship amounts as fully taxable income.

Many scholarship recipients have tuition and fees amounting to more than \$36,900; income tax withholding at the required 28 percent can eat up nearly all, if not all, of the stipend portion of the award. If the student has additional income—a part-time job for example—he or she could face an additional tax liability on that income, though their money available for daily living expenses has not changed.

I have been contacted by a concerned student regarding this IRS interpretation. Jenny, a student at Yale University, is studying to be a nurse practitioner. As a recipient of a National Health Service Corps Scholarship, her \$30,000 a year tuition is paid directly to the school; she receives \$3,500 toward school fees, equipment, books and supplies, and a small stipend for living expenses for which income taxes are withheld. She was recently notified by the Department of Health and Human Services that income taxes would be withheld on the scholarship money as well.

Jenny will now be taxed at the 28-percent rate because the entire scholarship amount will now be included in her income, even though she never sees the majority of this money that is sent directly to her school for tuition. Jenny is now worried about her living expenses, because the new additional withholding will almost eliminate the stipend that

she relies on for her room and board. Since Jenny already has a lot of debt from her undergraduate student loans, this abrupt change in policy threatens her ability to afford to stay in school and makes it more difficult to fulfill her obligation to work as a nurse practitioner in an underserved area, where her wages would likely be lower.

In my view, the IRS position regarding its application of section 117(c) is simply wrong. First, this money is not disguised future compensation. In fact it is the opposite. It is recognition of the compensation forgone as a consequence of going to work in an inner city or underserved rural area where wages are often low because there are not the resources needed to support a health care professional's income. Second, there is little difference between the obligations required under the National Health Service Corps Scholarship Program and the obligations required by the debt forgiveness provisions we enacted this summer in the Tax Payer Relief Act of 1997. And there should not be a difference in the tax treatment of the school scholarship or loan amount in terms of taxable income.

Through the passage of the Tax Payer Relief Act, we in Congress affirmed our support for favorable tax treatment of medical student loans forgiven in exchange for future service in medically underserved areas. It seems inconsistent and arbitrary to tax a scholarship given in exchange for a future commitment of public service in a medically needy area, while exempting a student loan forgiven for a similar commitment from the tax.

We need to correct this aberration in tax policy now before this successful program is destroyed. We need to take immediate action to clarify the Tax Code so that those students who wish to undertake the obligations of the program are assured stable, predictable financing of their academic program in exchange for a commitment to serve our underserved communities. It is also important to ensure that communities continue to have access to low-cost, quality health care services and that community and rural health centers will continue to have health professionals available.

My bill will reverse the IRS position regarding the taxability of these scholarships. It will rectify tax policy inconsistency, and it will ensure that a well-run and successful program is not devastated by a bureaucrat operating in clear contradiction of the intention of this valuable, proven program. In addition, it will let people like Jenny continue with her studies and be assured that her scholarship and stipend are intact.

I ask my colleagues to join me in cosponsoring this legislation to save the National Health Service Corps Scholarship Program.

60TH ANNIVERSARY OF THE CALUMET CITY CHAMBER OF CONGRESS

**HON. JERRY WELLER**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Saturday, November 8, 1997*

Mr. WELLER. Mr. Speaker, I rise today to honor the 60th anniversary of the Calumet City Chamber of Commerce, an organization who represents a community rich in heritage.